BEFORE THE
AIR RESOURCES BOARD
OF THE
STATE OF CALIFORNIA

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY COMMENT ON RENEWABLE ELECTRICITY STANDARD DRAFT REGULATION

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Dated: April 8, 2010

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I. INTRODUCTION AND SUMMARY

The Southern California Public Power Authority ("SCPPA")[1] respectfully submits this comment on the March 11, 2010 California Renewable Electricity Standard Preliminary Draft Regulation ("Draft RES Regulation"). SCPPA appreciates the opportunity to provide feedback at this early stage of development of the Draft RES Regulation.

The SCPPA members are dedicated to adding renewable resources as rapidly as practicable to reduce the greenhouse gas emissions intensity of the electricity they deliver to their customers. The SCPPA members are fully committed to achieving the goal of 33 percent renewable energy by 2020, whether the target is implemented through regulations developed by the California Air Resources Board ("ARB") or through legislation such as Senate Bill 722 ("SB 722").

In order to enable the 33 percent renewable energy goal to be met without excess costs to utility customers, SCPPA recommends the following refinements to the Draft RES Regulation:

- If interim compliance intervals prior to 2020 are deemed to be necessary, they should remain at three years rather than dropping to two years and then one year. The longer compliance periods would provide important flexibility for utilities.
- The Draft RES Regulation should incorporate the flexibility provisions in SB 722, which allow extensions of time for compliance if renewable energy is unavailable due to circumstances beyond the control of the regulated party.

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[1] SCPPA is a joint powers authority. The members are Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles Department of Water and Power, Imperial Irrigation District, Pasadena, Riverside, and Vernon. This comment is sponsored by Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Imperial Irrigation District, Pasadena and Riverside.

- To allow regulated parties enough time to calculate their exact REC liability and to procure the necessary RECs, the deadline for retiring RECs to meet the targets in section 97003 should be 9 months after the end of each compliance interval.
- Using electricity as a transportation fuel reduces greenhouse gas emissions (compared to the use of gasoline or diesel). Therefore, the 33 percent obligation should be calculated on total retail sales less the amount sold for electric vehicle charging, as evidenced by Low Carbon Fuel Standard ("LCFS") credits.
- Unlimited use of unbundled renewable energy credits ("RECs") should be permitted.
- Publicly-owned utilities ("POUs") should, as the Draft RES Regulation proposes, be permitted to use energy from their existing contracts with (or ownership of) non-certified renewable energy facilities to meet their renewable energy obligations for up to 20 percent of their retail sales. Existing contracts that were extended prior to September 15, 2009, should not be excluded.
- Given the increased importance of the REC market in meeting compliance obligations under the RES, market oversight and control mechanisms should be developed to avoid market abuse and increase transparency.
- Violations should be calculated according to the number of RECs by which an entity has fallen short of its target rather than penalties being applied on a daily basis.
- The 500,000 MWh exemption threshold proposed in the Proposed Concept Outline for the RES should be retained.
- The lack of clarity in some sections of the Draft RES Regulation should be remedied.

SCPPA's comments are set out in detail below, together with suggested revisions to the Draft RES Regulation.

II. COMPLIANCE INTERVALS, IF ANY, SHOULD BE THREE YEARS.

The 2020 goal of 33 percent renewable energy does not need to be supplemented with interim compliance periods. However, if the ARB staff deems interim compliance periods to be necessary, the interim compliance periods should be no less than three years.

Multi-year compliance intervals provide an important source of flexibility for utilities in sourcing renewable energy to meet their obligations. This is particularly crucial given the following factors:

- There is a largely unavoidable “lumpiness” in the availability of new renewable energy, arising from the long timeframes for the permitting and construction of large renewable energy plants.
- The number of RECs generated from a renewable energy plant may vary considerably over time, due to variations in the availability of the renewable energy resource.
- A utility’s power demand, and hence its REC liability, can also vary considerably between years, depending on factors such as hot summers / cold winters.

Thus, the three-year compliance intervals should continue throughout the 2012-2020 period and beyond without dropping to two years and then one year as proposed in the Draft RES Regulation.

Retaining three-year compliance intervals need not affect the upward trajectory of percentage renewable energy requirements that the Draft RES Regulation currently specifies. Under the Draft RES Regulation, renewable energy targets increase more steeply towards the end of the 2012-2020 period. SCPPA agrees with this approach. It allows time for the construction of new renewable energy plants and for improvements and cost reductions in renewable energy technology.

It is possible to have different percentage renewable energy requirements for different years within the same compliance interval. Section 97003 of the Draft RES Regulation provides a 28 percent target for the two-year compliance interval 2018-2019 and a 33 percent target for the one-year interval 2020. SCPPA proposes a three year compliance interval, 2018-2020, while retaining the renewable energy percentages proposed in section 97003. Thus, after the end of 2020 a regulated entity would calculate its total REC obligation for the compliance interval as 28 percent of its 2018 and 2019 power sales, plus 33 percent of its 2020 power sales.

The requirement in section 97005(b)(2)(A) to provide annual RES Progress Reports would ensure the availability of the data needed to calculate total REC requirements for the three-year compliance interval.

The table in section 97003, "Compliance Intervals and REC Percentages", would need to be amended as follows:

Compliance Intervals	**REC Percentage**
2012 through 2014	20
2015 through 2017	24
2018 through 2020~~19~~	For 2018-2019: 28 For 2020: 33
2021 through 2023,~~0~~ and each three-year interval~~annually~~ thereafter	33

III. EXTENSIONS OF TIME FOR COMPLIANCE SHOULD BE GIVEN IN CERTAIN CIRCUMSTANCES.

The Renewable Portfolio Standard ("RPS") regulations (sections 399.11-399.20 of the Public Utilities Code), as well as the extension to the RPS proposed in SB 722 (as amended), allow flexibility in complying with the renewable energy targets in certain situations. Specifically, SB 722 would allow extensions of up to two years in meeting the targets if:

- There is inadequate transmission capacity to allow for sufficient electricity to be delivered from proposed eligible renewable energy resource projects;

- There are unanticipated permitting, interconnection, or other delays for procured eligible renewable energy resource projects; or
- There is an insufficient supply of delivered electricity from eligible renewable energy resources available to the retail seller. (SB 722 proposed section 399.15(b)(4) of the Public Utilities Code.)

As the renewable energy targets increase, these grounds for extensions become increasingly pertinent. If an entity uses its best endeavors to ensure that a renewable energy project delivers RECs in time to allow the entity to meet its compliance deadline but through no fault of its own those RECs are not available, the entity should not be penalized. Instead, the entity should be given an opportunity to procure the RECs over an extended period. The flexibility provisions proposed in SB 722, as summarized above, should be incorporated into section 97003 of the Draft RES Regulation.

IV. ALLOW 9 MONTHS AFTER THE END OF A COMPLIANCE PERIOD BEFORE RECS ARE DUE.

Section 97003 provides that RECs for the whole of each compliance interval must be retired "at the end of each compliance interval", presumably December 31 of the last year of the interval. It would be difficult, if not impossible, for regulated parties to know their final REC liability on December 31 of the last year of a compliance interval, as it may take some time to collate data on total retail sales (and total LCFS sales – see below).

Further, once the exact number of required RECs has been established, unless an entity has banked RECs in excess of its expected liability, it may take some time to obtain the total volume of RECs required. As noted above, the volume of RECs required and the volume received may vary considerably each year, making it difficult to accurately forecast required and delivered RECs.

Therefore, regulated entities should be given a period of 9 months from the end of each compliance interval before the full number of RECs must be retired. This would be consistent with the period proposed for allowance surrender in the Preliminary Draft Regulation for the California Cap and Trade Program. Regulated entities need this period to determine their exact liability and to obtain RECs if they do not have enough.

This change should be reflected in the first sentence of section 97003 as follows (without prejudice to the further changes proposed in section V below):

> Unless exempted by section 97001(b), by September 30 of the year following the final year of a compliance interval each regulated party shall retire an amount of RECs equivalent to its REC obligation ~~at the end of each compliance interval~~, as specified in Table 1.

V. LCFS ENERGY SHOULD BE DEDUCTED FROM TOTAL RETAIL SALES WHEN CALCULATING REC OBLIGATIONS.

The October 2009 Proposed Concept Outline for the California Renewable Electricity Standard provided for certain electricity to be excluded when calculating an entity's REC liability. Specifically, electricity obtained from combined heat and power plants, electricity from distributed generation and electricity used to charge electric vehicles under the LCFS was excluded. These exclusions do not appear in the Draft RES Regulation.

SCPPA would like to see these exclusions, particularly the LCFS exclusion, reinstated in the RES Regulation. Without an LCFS exclusion, as the regulated parties contribute to achieving the LCFS goal by electrifying the transportation sector, they also increase their own liability under the RES. The regulated parties would be effectively penalized for contributing to the success of the LCFS.

According to the calculations in the LCFS regulation, substituting electricity for gasoline or diesel for transportation will substantially reduce emissions due to the high energy economy of electricity in comparison to gasoline and diesel regardless of whether the electricity comes from a renewable resource or not. *See* section 95485(a)(3) in Title 17 of the California Code of Regulations.

Calculating the amount of the LCFS exclusion would not require any additional effort. This electricity will be carefully tracked under the LCFS regulation for the purposes of calculating LCFS credits.

Sections 97003 and 97005(d) of the Draft RES Regulation would be required to be amended as set out below. Some additional changes are included to clarify the drafting, particularly in relation to the RES Formula. Section 97003 should be revised as follows:

> Unless exempted by section 97001(b), by September 30 of the year following the final year of a compliance interval each regulated party shall retire an amount of RECs equivalent to the sum of its REC obligations for ~~as the end of~~ each year of the compliance interval, as specified in Table 1. Notwithstanding these compliance interval obligations, REC retirement shall be measured, tracked and reported on an annual basis pursuant to the formula in section 97005(~~c~~d) of this article, as a percentage of total MWh of electricity delivered to retail end-use customers less the MWh used to charge electric vehicles under the Low Carbon Fuel Standard.

Section 97005(d) should be revised as follows:

> *RES Formula*. Regulated parties shall calculate annual RES progress as follows:
>
> *Number of RECs retired by the regulated party in the applicable year, divided by the regulated party's t~~T~~otal retail sales (in M~~k~~Wh) less the total MWh it delivered to charge electric vehicles under the Low Carbon Fuel Standard, as evidenced by the generation of Low Carbon Fuel Standard credits, ~~multiplied by the percentage of procured and retired RECs (in kWh)~~ for the applicable year.*

VI. UNLIMITED USE OF UNBUNDLED RECS SHOULD BE PERMITTED.

Section 97004 of the Draft RES Regulation sets out two options on the use of unbundled/ tradable RECs for compliance with the RES:

- Option (1): Unlimited use of unbundled RECs (ie. where the renewable power associated with the REC is not delivered to California).

- Option (2): Limiting the use of tradable RECs to 25 percent of the number of RECs needed for compliance, following Decision 10-3-021 of the Public Utilities Commission of the State of California ("CPUC Decision").

At the RES workshop on March 18, 2010, it was noted that variations on these options, or some type of middle ground, may also be considered.

SCPPA recommends Option (1). Increased flexibility in sourcing RECs will make it more feasible to meet the ambitious 33 percent renewable energy target while controlling costs to California energy consumers. For lower-cost, reliable renewable energy, renewable energy plants should be concentrated in the areas in which the most plentiful and consistent renewable sources exist, whether inside or outside California. The unlimited use of unbundled RECs promotes this outcome. Some utilities have already found that the limits in the CPUC Decision will severely affect their existing contracts to purchase out-of-state renewable energy.

Furthermore, the limits imposed in the CPUC Decision are set to end at the end of 2011 before the RES targets commence. In adopting the CPUC Decision, several Commissioners noted that some limits on tradable RECs may be required in the early years of REC trading while the market becomes established. Hence, the limits apply only for a short term. The CPUC refrained from setting long-term limits, and there is no reason for the ARB to do so. By 2012 the REC market should be relatively stable and well established so that limits on tradable RECs would not be required.

To implement Option (1), the square brackets in sections 97002(a)(5) (definition of "Eligible renewable energy sources") and 97006 (certification of eligible renewable energy resources) should be removed, as set out below.

Section 97002(a)(5):

> "**Eligible renewable energy resources**" means a generating facility participating in the WREGIS tracking system and ~~is~~ certified as eligible for California's RPS program pursuant to Public Utilities Code Section 399.13, ~~[~~or that otherwise meets the criteria of the California RPS program excluding the electricity delivery requirement for out-of-state facilities~~]~~, …

Section 97006:

> Renewable energy facilities potentially eligible for the RES include … out-of-state facilities that meet the requirements of the RPS program ~~[~~excluding its delivery requirements~~]~~, …

VII. POUS SHOULD BE ABLE TO USE UP TO 20 PERCENT UNCERTIFIED RENEWABLE ENERGY.

A. SCPPA supports the RES Qualifying POU Resource proposal.

Section 97004(c) of the Draft RES Regulation provides that RECs procured from a RES Qualifying POU Resource may be used to meet the REC obligation corresponding to up to 20 percent of the POU's retail sales.

SCPPA supports this provision. Such sources provide clean energy, even if they do not meet all the criteria set by the California Energy Commission for the RPS. Furthermore, POUs rely on their ability to use uncertified renewable energy towards their renewable energy targets, as permitted under the statute establishing the requirement for POUs to implement such targets, Senate Bill 1078 (2002). This ability, which has been established by law for several years, should not be removed without a phase-out period such as is proposed in the Draft RES Regulation.

B. Allow renewable energy from contracts extended before September 15, 2009.

The definition of "RES Qualifying POU Resource" in section 97002(a)(15) of the Draft RES Regulation includes the requirement that the electricity was procured during the initial term of the contract and not during any extended or modified term. This requirement unfairly discriminates against long-standing power purchase arrangements with hydro projects, which involve contracts that may have been extended one or more times over the last several decades. A POU may have extended such a contract several years ago in the expectation of using the renewable energy towards the renewable energy target it established for itself under SB 1078.

Other requirements in the definition use the cut-off date of September 15, 2009. This date should also be applied in relation to the requirement in section 97002(a)(15)(B)(2) – electricity from contracts that have been extended prior to this date should be allowed.

The following changes to section 97002(a)(15) are recommended to implement this modification:

> "**RES Qualifying POU Resource**" means a renewable energy facility that is not certified by the CEC as eligible for the RPS program, but whose generation was approved by the POU's Governing Board as counting towards its RPS targets, and:
>
> (A) The POU owned the facility prior to September 15, 2009 or
>
> (B) A contract for electricity from the facility was executed prior to September 15, 2009; and:
>
> (1) The POU procured electricity and RECs, or RECs without electricity, from the facility prior to September 15, 2009; and
>
> (2) The electricity was procured during the ~~initial~~ term of the contract in place on September 15, 2009, and not during any contract term extended or modified after that date~~term~~.

VIII. REC MARKET OVERSIGHT MECHANISMS SHOULD BE INTRODUCED.

The REC market will play an increasingly important role in allowing compliance entities to meet their RES targets. Therefore, market oversight and control mechanisms should be developed to avoid market abuse.

Increasing the transparency of the REC market is an important first step. It will lower transaction costs and thus assist smaller compliance entities to participate in the market, and it will provide the information necessary to identify and address market manipulation.

As an example, the South Coast Air Quality Management District publishes detailed information on the trading of RECLAIM Trading Credits, including seller and buyer names, quantity sold, type of credit, price, and transaction date.[2] Public reporting such as this, by a regulatory body, would be a very useful transparency tool for the REC market.

IX. VIOLATIONS SHOULD BE CALCULATED ACCORDING TO REC SHORTFALL AMOUNT – NO DAILY PENALTIES.

At the RES workshop on March 18, 2010, the prospect of daily penalties for failing to meet the RES targets was raised. The Health and Safety Code notes that daily penalties can be calculated "where appropriate" (HSC § 38580(b)(3)). Applying daily penalties for each day of a three-year compliance period would certainly not be appropriate.

The goals of the Draft RES Regulation are best served by calculating penalties on the basis of the number of RECs by which a regulated party is short of its compliance surrender obligation. We will refer to each such REC as a "shortfall REC". The penalty for each shortfall REC should be set at a level higher than the market value of a REC to encourage compliance by ensuring it is more expensive to pay the penalty than to procure RECs.

For example, if a regulated entity is obligated to surrender 10,000 RECs for a compliance interval but surrenders only 9,000 RECs, it would have a shortfall of 1,000 RECs. If the penalty were, for the sake of illustration, $100 for each shortfall REC, the regulated entity would have to pay a total penalty of $100,000. This would effectively deter non-compliance, as it would be cheaper to comply than to pay the non-compliance penalty.

How the penalty for a shortfall REC should be set is a separate issue that deserves further scrutiny by the ARB and further opportunities for stakeholders to comment. For example, it may

[2] This information can be found at http://www.aqmd.gov/reclaim/rtc_main.html at the link "Listing of Trade Registrations".

be possible to set the penalty as a multiple of the market price of RECs rather than as a flat amount.

Section 97008(a) of the Draft RES Regulation refers to penalties being calculated on a kilowatt hour basis. However, the method of calculating the extent of a violation should reflect the method of determining compliance. A penalty that is calculated on the basis of the number of RECs by which a regulated party is short of its compliance surrender obligation more closely reflects the units that are used to determine compliance with the regulation. Thus, SCPPA recommends the following changes to section 97008(a):

> *Penalties*. … Violations of the requirements of section 97003 shall be considered as a violation of an emission limitation and shall be calculated according to the number of RECs by which a regulated party is in shortfall of its compliance surrender obligation~~on a kWh basis~~.

X. THE SMALL PARTY EXEMPTION THRESHOLD SHOULD BE SET AT 500,000 MWH.

If entities with low annual retail sales are to be exempted from the RES, the 500,000 MWh exemption threshold set out in the Proposed Concept Outline for the RES should be retained instead of the 200,000 MWh threshold set out in the Draft RES Regulation.

The additional amount of renewable energy that would be procured if a 200,000 MWh exclusion threshold were adopted instead of a 500,000 MWh threshold is very small. At a 500,000 MWh threshold, 96 percent of POU retail sales would remain included by the RES, according to the Proposed Concept Outline.

Furthermore, the 500,000 MWh threshold would to satisfy to a greater degree the policy goals of the exemption – reducing the administrative burden on the ARB and on small entities.

Section 97001(b) of the Draft RES Regulation would require the following amendments to change the threshold (with some additional amendments to clarify the REC Obligation formula):

(b) *Partial Exemption for Small Regulated Parties*

(1) Section 97003 of this article does not apply to a regulated party providing ~~[2~~500,000~~]~~ MWh of electricity or less to retail end-use customers in its service territory during a calendar year.

(2) A regulated party exempt from section 97003 pursuant to section 97001(b)(1), but that provides more than ~~[2~~500,000~~]~~ MWh of electricity to retail end-use customers during a subsequent calendar year, shall retire an amount of RECs pursuant to the following formula for that calendar year:

REC Obligation = [Total retail sales (in MWh) – ~~[2~~500,000~~]~~ MWh – MWh delivered for LCFS] x REC Percentage for the relevant year, as set out in section 97003

XI. DRAFTING SHOULD BE REVISED FOR INCREASED CLARITY.

In several sections of the Draft RES Regulation, the drafting is unclear or there is potential for confusion in relation to the use of defined terms. As this regulation seeks to impose significant new obligations on a range of entities, it is important that it be as clear and unambiguous as possible. Some potential sources of confusion and suggested changes are set out below.

A. Section 97001(b)(3) – end of partial exemption for small regulated parties

This section and the Discussion of Concept immediately following it are unclear and do not seem to be consistent. Is the intention to require an entity that was previously exempt to procure the full amount of RECs required under section 97003, after the "phase-in" year in which it has a lower obligation under section 97001(b)(2)? If so, SCPPA suggests that section 97001(b)(3) be amended as follows:

Once a previously exempt regulated party has complied with section 97001(b)(2) in respect of a calendar year, it ~~procures RECs equivalent to providing 33 percent of its retail sales to end-use customers from eligible renewable energy resources, the regulated party~~ will be subject to the requirements of section 97003 for all future calendar years in which it remains over the threshold set out in section 97001(b)(1).

B. Section 97002(b) – overlapping defined terms

The terms "Renewable Energy Credit" and "WREGIS Certificate" are separately defined in section 97002(a), and the definition of "Renewable Energy Credit" also refers to a "Renewable Energy Certificate", which is not defined. There does not appear to be any real need to make a distinction between these terms in this regulation. If there is no difference between them, one term should be used instead of three.

The definition of "Renewable Energy Credit" is the most comprehensive and should be retained, with the amendments shown below. As a credit issued by WREGIS is generally considered to be a form of property or property right, the restriction on property rights should be limited to RECs that are surrendered for the purposes of the RES.

The definition of "WREGIS Certificate" should be deleted, and where that term is used in the definition of "Retire or retired" it should be replaced with "REC".

> (13) "Renewable Energy Credit or REC" means a credit issued by WREGIS associated with one MWh of electricity generated by an eligible renewable energy resource~~ or facility as evidenced by a Renewable Energy Certificate~~. … A REC surrendered under this Article 6 does not constitute property or a property right.
>
> (18) "Retire or retired" means to transfer a ~~WREGIS certificate~~REC to a "retirement subaccount" and thereby remove the ~~certificate~~ REC from circulation. For purposes of this article, a ~~WREGIS certificate~~REC would be retired to demonstrate compliance with the RES or RPS.
>
> ~~(22) "WREGIS Certificate" means a certificate of proof issued through WREGIS that one MWh of electricity was generated by a RES eligible renewable energy resource.~~

C. Note under section 97004(a) – unbundled RECs and tradable RECs

The box under section 97004(a) refers to "unbundled and undelivered RECs" (in Option (1)) and to "tradable RECs" (in Option (2)). Other than the limit on the use of such RECs in the

CPUC Decision, is this use of different terms intended to imply any difference between a REC that is "unbundled and undelivered" and a REC that is "tradable"?

The reference to "undelivered" in relation to a REC could be misleading because the REC must be "delivered" and retired for compliance. It is the associated energy that is not delivered to California.

The CPUC Decision (in section 3) does make a distinction between "unbundled RECs" (which can be sold separately from the energy only once) and "tradable RECs" (which can be resold). However, SCPPA does not recommend importing the restriction on the trading of unbundled RECs into the Draft RES Regulation.

This issue should be clarified, perhaps by defining and using the term "tradable RECs" and avoiding the terms "unbundled RECs" and "unbundled and undelivered RECs".

D. Section 97004(d)(2) – restrictions on REC trading

This section states that RECs may only be traded by regulated parties who are in compliance with the REC retirement requirements of section 97003. Interpreted strictly, this would prevent regulated entities that are not yet in compliance but are seeking to become compliant from buying RECs to meet their obligations. No doubt this was not the intention. Section 97004(d)(2) should be clarified as follows:

> ~~RECs may only be traded by r~~Regulated parties who are not in compliance with the REC retirement requirements of section 97003 may purchase but not sell RECs.

E. Discussion of Concept under section 97004(d)(3) – banking RECs

This Discussion of Concept proposes a provision limiting the period during which a REC can be traded. To be tradable, a REC needs to be in an active WREGIS subaccount, in accordance with the WREGIS operating rules. Once it is transferred to a retirement subaccount, it cannot be traded. However, if an entity transfers more RECs to its retirement subaccount than it needs for compliance with its RES obligation in a particular year, it should be able to keep the excess retired RECs in its retirement account indefinitely for compliance in future years. This is consistent with the position set out in ordering paragraph 11 of the CPUC Decision.

SCPPA suggests the following changes to clarify these points:

> A REC procured for RES compliance pursuant to Section 97003~~,~~ may be traded for a period of up to three years from its WREGIS creation date. A REC that has been ~~or until the REC is~~ retired to a WREGIS retirement subaccount for the purposes of RES compliance may, if it is not required for compliance in the year it is retired, be banked indefinitely for compliance in a future year.

F. Sections 97005(b)(1)(A) and (2)(A) – making up REC shortfalls

In the RES Progress Reports required under these two sections, a regulated entity must demonstrate how it will make up any shortfall in its REC obligations in the next compliance period (presumably by procuring and retiring the missing RECs, in addition to the RECs required for the next compliance interval). The requirement to make up a REC shortfall for one compliance interval during the course of the next compliance interval is not mentioned in the primary section on REC obligations, section 97003, and nor is it mentioned in the enforcement provisions. If this is in fact required, it should be clearly set out in section 97003 rather than being hidden in the reporting requirements.

This make-good requirement cannot apply between years in the same compliance interval. Within a compliance interval, there is no binding REC obligation. The obligation occurs only once at the end of each compliance interval, so there is nothing to "make up" within a compliance interval.

If the intention is merely to gather information on how a regulated entity is progressing towards its REC targets, and how it plans to procure enough RECs to meet them, this information will be available through the formula set out in section 97005(d) (amended as proposed above) and in the RES Procurement Plans.

Therefore the last sentence of section 97005(b)(1)(A) and of section 97005(b)(2)(A) should be deleted.

XII. CONCLUSION

SCPPA urges the ARB staff to consider these comments in developing a revised version of the Draft RES Regulation. SCPPA appreciates the opportunity to submit these comments.

Respectfully submitted,

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